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FISCAL IMPACT STATEMENT

LS 6006

BILL NUMBER: SB 8

NOTE PREPARED: Apr 11, 2005

BILL AMENDED: Apr 7, 2005

SUBJECT: Arbitration in Family Law.

FIRST AUTHOR: Sen. Ford

FIRST SPONSOR: Rep. Duncan

BILL STATUS: As Passed House

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

- A. It creates a family law arbitration pilot project in one county selected by the Supreme Court.
- B. It specifies the procedures for family law arbitration cases, including a requirement that family law arbitrators be sworn.
- C. It provides that the family law arbitration pilot project expires June 30, 2008.

(The introduced version of this bill was prepared by the Child Custody and Support Advisory Committee.)

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) Selecting a county to operate a family law arbitration pilot project should represent a minimal cost to the state Supreme Court.

Explanation of Local Expenditures: This bill could reduce court time for courts in domestic relations cases. Judicial involvement could be reduced to entering an order to allow arbitration in keeping with the parties' written agreement and to enter judgment on the arbitrator's final decision.

Background Information: Alternative Dispute Resolution (ADR) allows parties in dispute to resolve differences outside of a courtroom setting. ADR can take two forms: mediation and arbitration. In mediation, a third party assists the parties in dispute in rendering a mutually acceptable agreement, subject to the approval of the court. In arbitration, a neutral third party hears facts and arguments and renders a binding decision. In

either case, the hearings occur in a less formal setting and are generally less acrimonious than if the case was decided in a formal hearing.

Currently, the Indiana Supreme Court's Rules for Alternative Dispute Resolution specifically permit only mediation and not arbitration in domestic relations cases. This bill would permit divorcing parties to use arbitration in matters involving child support, custody, or parenting time.

The number of domestic relations cases filed and that have been referred to alternative dispute resolution between CY 1995 and 2003 are shown below:

Domestic Relations Cases in Indiana									
Calendar Year	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Filings	42,976	42,402	42,385	42,323	41,139	41,587	40,682	39,794	38,360
Referred to Mediation	445	585	881	952	1,372	1,386	1,349	896	1,626

(Revised) *Evaluation of Pilot Project* -- Any costs for evaluating this pilot project will depend on how extensive the reported results would be. This bill does not specify what subject matter would be included in the report or how the evaluation would be conducted. It is possible that in-house staff in the Indiana Judicial Center or the Office of State Court Administration could be assigned to assist in the evaluation.

Explanation of Local Revenues:

State Agencies Affected: Indiana Supreme Court.

Local Agencies Affected: Trial courts with domestic relations jurisdiction.

Information Sources: *Indiana Judicial Report CY 2003*; Bruce Pennamped, Attorney at Law.

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